

CAPE METROPOLITAN TRANSPORT FUND

**Unaudited Annual Financial Statements
for the year ended
30 June 2019**



**CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD**

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The reports and statements listed below comprise the unaudited annual financial statements presented to the core City, the City of Cape Town.

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REPORT OF THE AUDITOR-GENERAL

to the Council of the City of Cape Town on the Cape Metropolitan Transport Fund

REPORT OF THE AUDITOR-GENERAL

*to the Council of the City of Cape Town on the Cape Metropolitan Transport Fund
(continued)*

ANNEXURE: AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

FINANCIAL REPORT AND APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2019

LEGISLATIVE FRAMEWORK

The Cape Metropolitan Transport Fund ("the Fund") was created in terms of Section 18 of the Urban Transport Act, Act 78 of 1977. The administration of the Fund vests with the core City which is the City of Cape Town.

BUSINESS ACTIVITIES

The principal activity of the Fund is to promote the planning and provision of adequate urban transport facilities and all incidental matters.

STATEMENT OF RESPONSIBILITIES

The Fund Administrator is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP). This responsibility includes the maintenance of adequate accounting records and the application of appropriate accounting policies.

The Fund Administrator is also responsible for the Fund's system of internal financial control and to account for the Fund's assets and liabilities to provide reasonable assurance as to the reliability of the financial statements. Nothing has come to the attention of the Fund Administrator to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis.

REVIEW OF OPERATIONS

The financial statements adequately reflect the results of the operations for the year under review and no further explanations are considered necessary, except that the Fund only acts as a funding vehicle for certain specified expenditure projects within the City and therefore the Fund does not have its own performance indicators.

The City has established a Metropolitan Land Transport Fund (MLTF) in terms of Section 27 of the National Land Transport Act, Act 5 of 2009. The Commissioner of the City's Transport and Urban Development Authority has requested that all national and provincial grant funding allocations previously allocated to the Fund henceforth be allocated to the MLTF. This request was approved. The Fund continues to operate as a going concern as it can only be wound down once the Act, in terms of which it was created, is repealed.

EVENTS SUBSEQUENT TO YEAR-END

There have been no facts or circumstances of a material nature that have occurred between the reporting date and date of this report.

APPROVAL OF FINANCIAL STATEMENTS

The financial statements which appear on pages 6 – 10 were signed by the City Manager on behalf of the core City, the City of Cape Town.



2019 -08- 29

Date:

STATEMENT OF FINANCIAL POSITION

as at 30 June 2019

	Notes	2019 R	2018 R
ASSETS			
Current Assets			
Inter Administrator Fund	2	18 124 258	15 597 968
TOTAL ASSETS		18 124 258	15 597 968
NET ASSETS AND LIABILITIES			
Net Assets			
Accumulated Funds		18 124 258	15 597 968
TOTAL NET ASSETS AND LIABILITIES		18 124 258	15 597 968

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2019

	2019 R	2018 R
REVENUE FROM EXCHANGE TRANSACTIONS		
Rentals	3 417 890	3 604 065
Finance income	1 134 637	986 461
Sundry Income	354 757	421 575
TOTAL REVENUE	4 907 284	5 012 101
EXPENDITURE		
Implementation - Other Projects	2 323 170	4 413 956
Audit Fees	57 824	140 973
TOTAL EXPENDITURE	2 380 994	4 554 929
SURPLUS FOR THE YEAR	2 526 290	457 172

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 30 June 2019

	Accumulated Funds R
2018	
Balance at 1 July 2017	15 140 796
Surplus for the year	457 172
Balance at 30 June 2018	<u>15 597 968</u>
2019	
Balance at 1 July 2018	15 597 968
Surplus for the year	2 526 290
BALANCE AT 30 JUNE 2019	<u>18 124 258</u>

CASH FLOW STATEMENT

for the year ended 30 June 2019

	Notes	2019 R	2018 R
CASH FLOW FROM OPERATING ACTIVITIES			
Payments from contributors		1 246 357	3 568 468
Subsidies and transfers		<u>(2 380 994)</u>	<u>(4 554 929)</u>
Cash utilised by operations	3	<u>(1 134 637)</u>	<u>(986 461)</u>
Finance income		1 134 637	986 461
NET CASH FROM OPERATING ACTIVITIES		<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

1. SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies of the Cape Metropolitan Transport Fund ("the Fund"), which are in all material aspects consistent with those applied in the previous financial year. The historical cost convention has been used, except where stated otherwise.

1.1. Basis of Presentation

These financial statements have been prepared in accordance with Standards of GRAP issued by the Accounting Standards Board (ASB) and approved by the Minister of Finance as effective. The ASB has issued a directive which sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy as set out in the standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors. The Cash Flow Statement can only be prepared in accordance with the direct method.

The financial statements have been prepared on the historical cost basis unless otherwise stated.

Details of the Fund's significant accounting policies are set out below and are consistent with those applied in the previous year.

1.2. Adoption of New and Revised Standards

Standards and interpretations effective and adopted in the current year

The ASB issued improvements to the Standards of GRAP that are applicable and effective in the current year. These improvements did not lead to changes in the accounting policy for the Fund.

Standards and Interpretations early adopted

The Fund has not early adopted any GRAP standard that is not yet effective, but has based its accounting policies on GRAP 20, 32, 108, 109 and IGRAP 17, 18 19.

Standards and interpretations issued, but not yet effective

At the date of submission of these financial statements, the following amendments to Standards of GRAP and approved Standards of GRAP have been issued but are effective for annual periods commencing on or after 1 April 2019:

- GRAP 20 - Related-party disclosures (revised)
- GRAP 108 - Statutory receivables
- GRAP 109 - Accounting by principals and agents

The Fund has based its accounting policies on these standards and therefore there will be no impact that application of the standards will have on the financial statements.

1.3. Critical Accounting Estimates and Judgements

In the process of applying the Fund's accounting policies, management has not made any significant accounting judgements, estimates or assumptions and thus there has been no significant effect on the amounts recognised.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2019 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.4. Financial Instruments

Financial assets are initially recognised on the Statement of Financial Position when the Fund becomes party to the contractual provisions of the instrument.

1.5. Revenue from Exchange Transactions

Revenue is recognised net of indirect taxes and consists mainly of net rentals, the net proceeds of the sale of information and interest earned on funds held by the City of Cape Town.

Net rental income is recognised upon notification by the City of Cape Town at the end of the financial year, of the amounts due to the Fund net of expenses.

Proceeds of information sold are transferred ex City of Cape Town.

Interest earned on funds held by the City of Cape Town is recognised in the statement of financial performance on a time-proportionate basis, which takes into account the effective yield on the investment.

1.6. Bank Account and Accounting System

The Fund uses the City of Cape Town's bank account and all transactions take place through the City of Cape Town's accounting and procurement systems.

1.7. Assistance

City of Cape Town staff performs all the functions of the Fund.

2. INTER ADMINISTRATOR FUND

	2019 R	2018 R
City of Cape Town	18 124 258	15 597 968

The inter administrator fund is interest bearing and is administered by the City of Cape Town as a ring-fenced investment within the City.

Its funds are available on demand to pay creditors. There is no material change in the exposure to credit risk. The inter administrator fund balance at year end represents approximately fair value. The carrying amount represents the maximum credit exposure of the Fund.

Credit Risk

Credit risk is the risk of financial loss to the Fund if the City of Cape Town fails to meet its contractual obligations. The City limits its exposure to credit risk by only investing with reputable institutions that have a sound credit rating. Consequently, the Fund does not consider there to be any significant exposure to credit risk.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2019 (continued)

	2019 R	2018 R
3. CASH UTILISED BY OPERATIONS		
Net surplus for the year	2 526 290	457 172
Adjustments for :		
Interest Received	(1 134 637)	(986 461)
Operating surplus/ (deficit) before working capital changes:	1 391 653	(529 289)
(Increase)/Decrease in Administrator Fund	(2 526 290)	(457 172)
Cash utilised by operations	(1 134 637)	(986 461)

4. RELATED PARTIES

The City of Cape Town was designated as the core City and, as such, administers the Fund in terms of Section 17 of the Urban Transport Act, Act 78 of 1977.

The City of Cape Town, as the fund administrator, deposits all Fund monies into the City of Cape Town's bank account.

Balance of funds held by the City at 1 July	15 597 968	15 140 796
Balance of funds held by the City at 30 June	18 124 258	15 597 968

During the year, the Fund entered into the following arm's length transactions with related parties:

Claims paid to the City	2 323 170	4 413 956
Interest paid on balances held by the City to the Fund	1 134 637	986 461
Net Revenue collected by the City on behalf of the Fund from:	3 772 647	4 025 640
Net Rentals	3 417 890	3 604 065
Sundry Income	354 757	421 575

5. EVENTS AFTER REPORTING DATE

At the time of preparing and submitting the annual financial statements, there were no subsequent events to disclose.